

Harold, age 65, began receiving pension income under a joint and survivor annuity. Harold's annuity starting date is January 1, 2004. He had contributed \$26,000 to a qualified plan and had received no distribution before 2004. Harold is to receive a monthly pension benefit of \$1,000 and his wife, age 66, is to receive a monthly survivor benefit of \$500 upon Harold's death. Complete lines 1 through 9 of Harold's Simplified Method Worksheet.

Before you begin: ✓ If you are the beneficiary of a deceased employee or former employee who died **before** August 21, 1996, see Pub. 939 to find out if you are entitled to a death benefit exclusion of up to \$5,000. If you are, include the exclusion in the amount entered on line 2 below.



Note. If you had more than one partially taxable pension or annuity, figure the taxable part of each separately. Enter the total of the taxable parts on Form 1040, line 16b. Enter the total pension or annuity payments received in 2004 on Form 1040, line 16a.

1. Enter the total pension or annuity payments received in 2004. Also, enter this amount on Form 1040, line 16a **1.**
2. Enter your cost in the plan at the annuity starting date **2.**
3. Enter the appropriate number from **Table 1** below. **But** if your annuity starting date was **after** 1997 **and** the payments are for your life and that of your beneficiary, enter the appropriate number from **Table 2** below **3.**
4. Divide line 2 by the number on line 3 **4.**
5. Multiply line 4 by the number of months for which this year's payments were made. If your annuity starting date was **before** 1987, skip lines 6 and 7 and enter this amount on line 8. Otherwise, go to line 6 **5.**
6. Enter the amount, if any, recovered tax free in years after 1986 **6.**
7. Subtract line 6 from line 2 **7.**
8. Enter the **smaller** of line 5 or line 7 **8.**
9. **Taxable amount.** Subtract line 8 from line 1. Enter the result, but not less than zero. Also, enter this amount on Form 1040, line 16b. If your Form 1099-R shows a larger amount, use the amount on this line instead of the amount from Form 1099-R **9.**

Table 1 for Line 3 Above

AND your annuity starting date was—

IF the age at annuity starting date (see page 27) was . . .

before November 19, 1996, enter on line 3 . . .

after November 18, 1996, enter on line 3 . . .

55 or under

300

360

56–60

260

310

61–65

240

260

66–70

170

210

71 or older

120

160

Table 2 for Line 3 Above

IF the combined ages at annuity starting date (see page 27) were . . .

THEN enter on line 3 . . .

110 or under

410

111–120

360

121–130

310

131–140

260

141 or older

210